



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

January 4, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE TWO ORDINANCES TO AMEND TWO SHELL PIPELINE FRANCHISES,
AND TWO ORDINANCES TO REPEAL TWO TEXACO PIPELINE FRANCHISES
(ALL AFFECTED) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve an ordinance to amend the proprietary petroleum pipeline franchise granted to Shell Oil Company, a Delaware corporation (Shell), by Ordinance No. 92-0021F, to reflect a transfer of the franchise rights to Equilon Enterprises LLC, a Delaware limited liability company, dba Shell Oil Products US (Shell OPUS); delete four franchise service areas located in the Long Beach, Los Angeles Airport, Harbor Corridor, and West Los Angeles unincorporated areas; and update the terms and conditions of the franchise.
2. Approve an ordinance to amend the common-carrier petroleum pipeline franchise granted to Shell California Pipeline Company, a California corporation (Shell CA), by Ordinance No. 91-0155F, as amended, to reflect the merger and name change with and into Shell California Pipeline Company LLC, a Delaware limited liability company (Shell CA LLC); reflect a transfer to Shell CA LLC, the common-carrier petroleum pipeline franchise rights granted to Texaco California Pipelines, Inc., a Delaware corporation (Texaco CA), by Ordinance No. 96-0019F; add one franchise service area located in the Rancho San Francisco unincorporated area; and update the terms and conditions of the franchise.
3. Approve an ordinance to repeal the proprietary petroleum pipeline franchise granted to Texaco Trading Transportation, Inc. (Texaco Trading) by Ordinance No. 88-0059F.
4. Approve an ordinance to repeal the common-carrier petroleum pipeline franchise granted to Texaco CA, by Ordinance No. 96-0019F.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

5. Find that these projects are categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.
6. Introduce, waive reading and place on your Board's agenda for adoption, the four ordinances that implement the recommendations, becoming effective 30 days from adoption thereof.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board's approval will amend the Shell and Shell CA franchises to reflect pipeline transfers by Shell, a merger and name change by Shell CA, modify the Shell and Shell CA franchise service areas and update the terms and conditions of the franchises relating to transfers and assignments, payment of fees, providing annual reports, and providing indemnification, insurance and bonding. Additionally, approval will repeal the Texaco Trading and Texaco CA franchises, that are no longer needed following Shell's joint venture with Texaco, Inc. (Texaco).

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's approval and adoption of these ordinances to amend and repeal these pipeline franchises is consistent with this goal.

FISCAL IMPACT/FINANCING

Shell has paid the County \$5,000 to process two ordinances to amend the franchises granted to Shell and Shell CA, and paid \$5,000 to process two ordinances to repeal the franchises granted to Texaco Trading and Texaco CA. The Shell and Shell CA franchises together generate approximately \$25,000 in fees for the County each calendar year.

The annual franchise fee for the Shell proprietary franchise will be 21 cents per linear foot for pipelines up to eight inches in diameter, plus three cents per foot for each diameter inch over eight inches. The franchise fee will be adjusted annually for inflation using the Producers Price Index. The annual franchise fee for the Shell CA common-carrier franchise will be calculated pursuant to Section 6231.5 of the State of California Public Utilities Code, and adjusted annually for inflation using the Consumers Price Index.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In February 1992 and April 1998, respectively, your Board adopted ordinances granting proprietary petroleum pipeline franchises to Shell (Ord. 92-0021F), and Texaco Trading (Ord. 88-0059F). In December 1991 and March 1996, respectively, your Board adopted ordinances granting common-carrier petroleum pipeline franchises to Shell CA (Ord. 91-0155F, as amended), and Texaco CA (Ord. 96-0019F).

In April 1999, Shell and Texaco, merged to form Equilon Enterprises LLC (Equilon), a joint-venture owned 56 percent by Shell and 44 percent by Texaco, which combined major elements of the company's Western and Midwestern petroleum refining, marketing and pipeline transportation affiliates. Equilon requested to transfer the Shell and Texaco Trading franchises to Equilon, and transfer the Shell CA and Texaco CA franchises to Equilon California Pipeline Company LLC (Equilon CA), a new common-carrier affiliate.

However, in October 2000, Texaco announced its merger with Chevron Corporation (Chevron), to form ChevronTexaco Corporation (ChevronTexaco). In order to receive approval of the merger by the United States Federal Trade Commission (FTC), Texaco agreed to sell its interest in Equilon (to Shell). ChevronTexaco received FTC approval in September 2001, obtained Chevron stockholder approval in October 2001, and finalized a sale agreement with Shell in December 2001. Shell now owns 100 percent of Equilon.

In April 2002, Equilon requested to transfer these franchise rights to the affiliate companies that resulted after Texaco's sale, and to repeal the two Texaco franchises that are no longer needed. The ordinance to amend the Shell franchise (Ord. 92-0021F), transfers the franchise to Shell OPUS, deletes four franchise service areas located in the Long Beach, Los Angeles Airport, Harbor Corridor, and West Los Angeles unincorporated areas and updates the terms and conditions of the franchise.

The ordinance to amend the Shell CA franchise (Ord. 91-0155F, as amended), reflects Equilon CA's merger and name change with and into Shell CA LLC, approves a transfer of the Texaco CA franchise rights (Ord. 96-0019F), to Shell CA LLC, adds one franchise service area located in the Rancho San Francisco unincorporated area and updates the terms and conditions of the franchise. These franchise ordinances continue to allow the Chief Administrative Officer to approve an assignment of the franchise rights.

The Texaco Trading franchise (Ord. 88-0059F), is being repealed since all pipelines were sold to Williams Telecommunication Group in 1989, and/or transferred to the Texaco CA common-carrier franchise (Ord. 96-0019F) in 1997. The Texaco CA franchise is being repealed since it is no longer needed after transfer of the franchise rights to Shell CA LLC, and the area covered by the Texaco CA franchise is now a part of the Shell CA LLC franchise (Ord. 91-0155F).

The Honorable Board of Supervisors
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The Audit Division of Auditor-Controller, Department of Public Works and Fire Department have reviewed the request and have no objections to approving and adopting the ordinances that amend and repeal these franchises. County Counsel has reviewed the accompanying ordinances and approved them as to form.

ENVIRONMENTAL DOCUMENTATION

Amending and repealing these petroleum pipeline franchises is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board action will not impact or adversely affect any current services.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors to send an approved copy of this letter and the adopted ordinances to Shell California Pipeline Company LP, Attention: Val K. Hatley, 20945 South Wilmington Avenue, Room 1566 TSP, Carson, CA 90810-1039, and forward approved copies of this letter and the adopted ordinances to the offices of County Counsel, Auditor-Controller, Audit Division, Department of Public Works, Fire Department, Fire Prevention, Petrochemical Unit, and the Chief Administrative Office, Real Estate Division, Attention: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CB:RB:cc

Attachments (10)

c: County Counsel
Auditor-Controller
Department of Public Works
Fire Department

Equilon.b

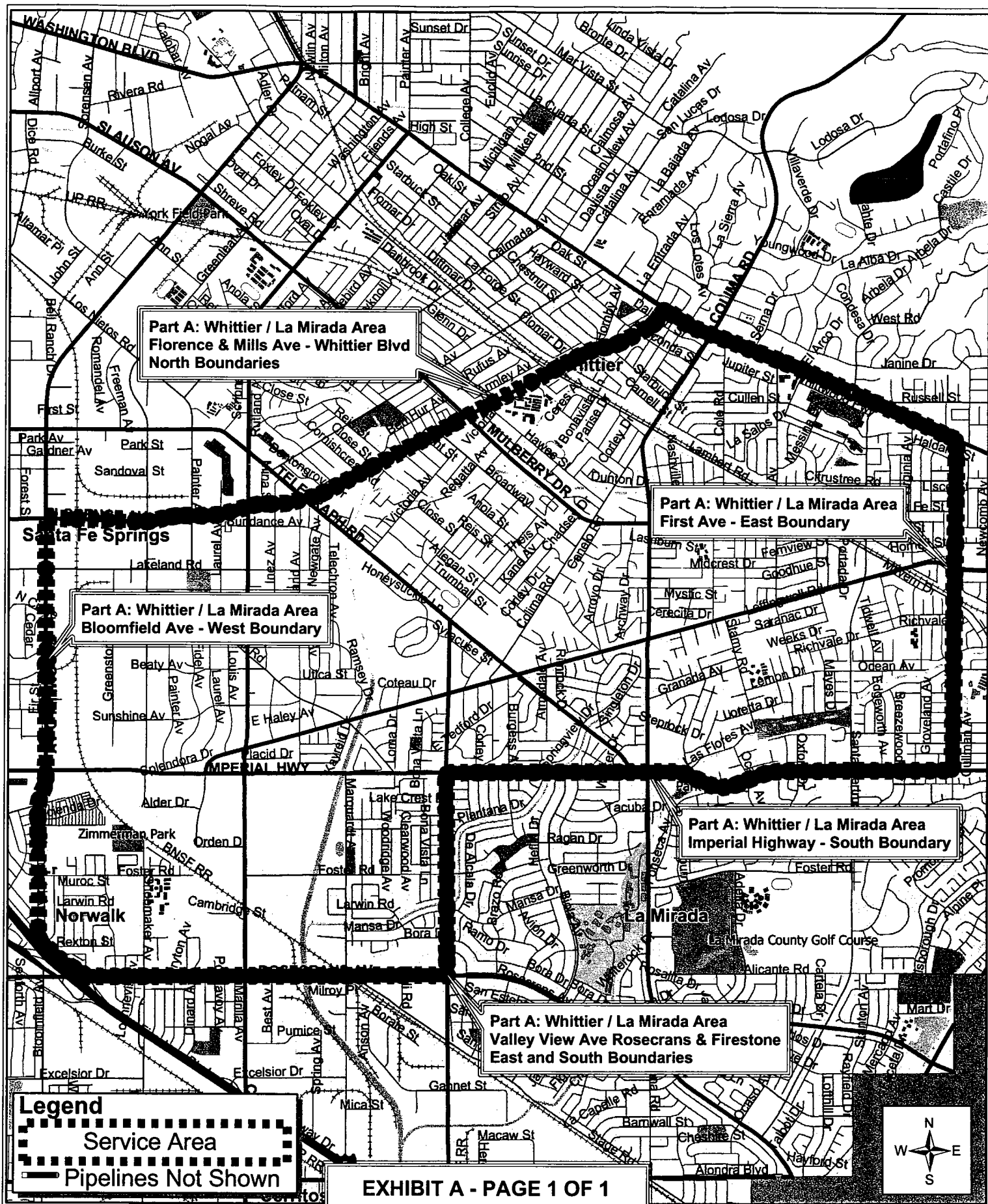
FRANCHISE SERVICE AREA MAPS

Ten Pages of Service Area Maps

These maps, which are attached to their respective ordinances as "Exhibit A", illustrate the location of the areas affected by each of the ordinances and are provided for the convenience of the reader.

**Exhibit A Map 1 of 1
Equilon Enterprises LLC, dba Shell Oil Products US
Ordinance No. 92-0021F**

**Exhibit A Maps 1 through 9
Shell California Pipeline Company
Ordinance No. 91-0155F, As Amended**



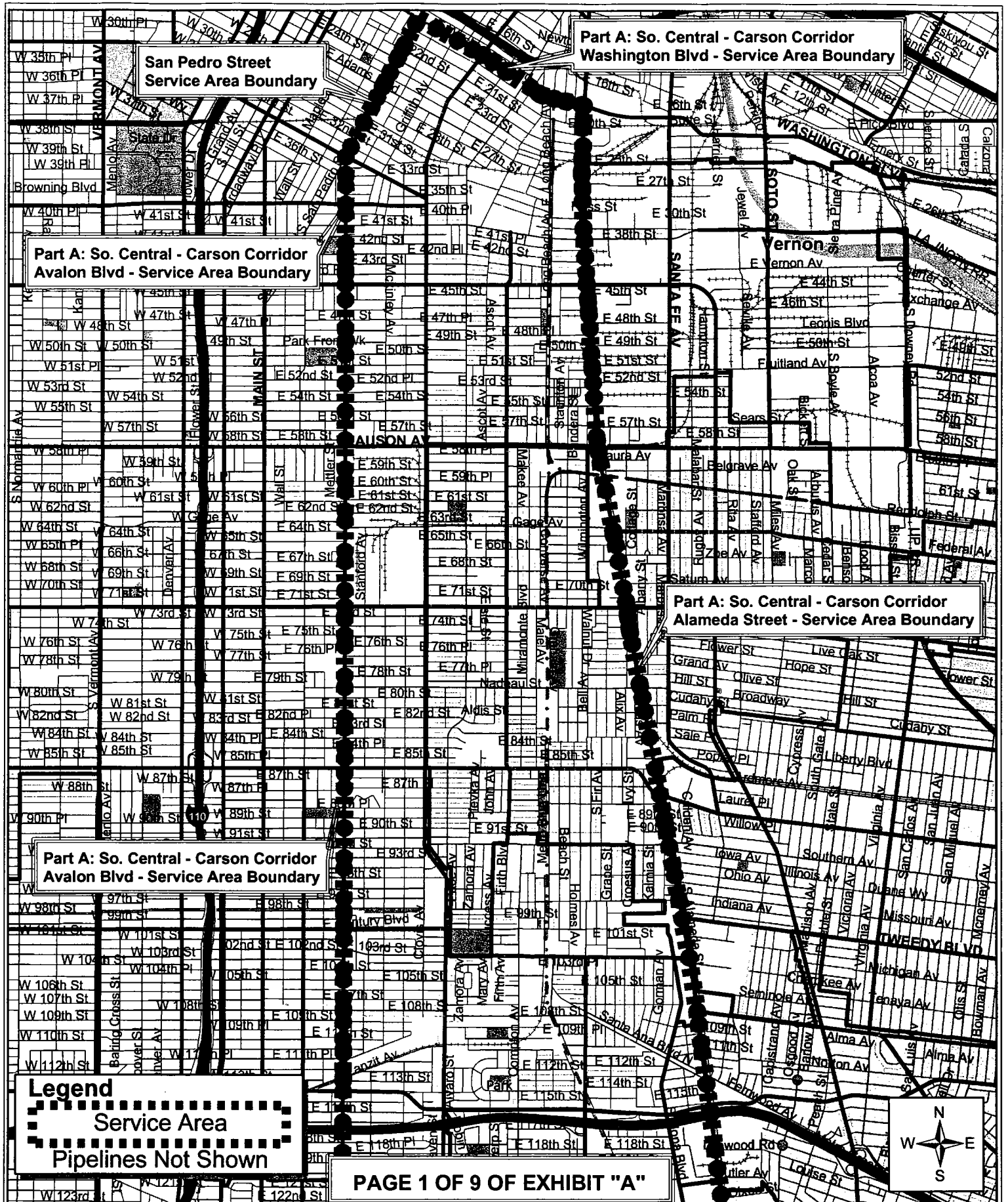
Date
June 15, 2004

Sup Dist.
Dist 1, 4

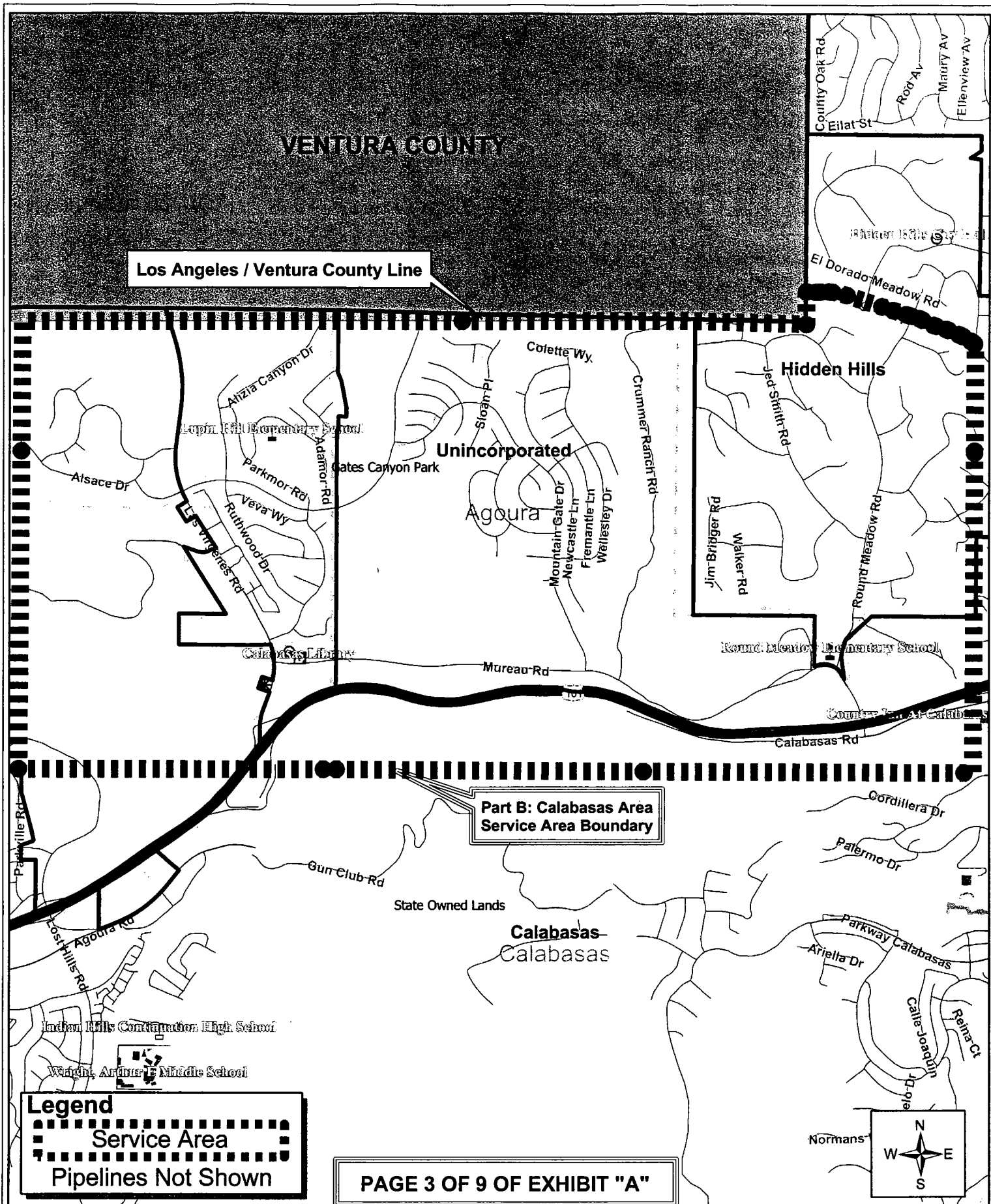
COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE
Equilon Enterprises LLC dba Shell Oil Products US
Proprietary Petroleum Pipeline Franchise
Part A: Whittier / La Mirada Service Area

Equilon / Shell
92-0021F

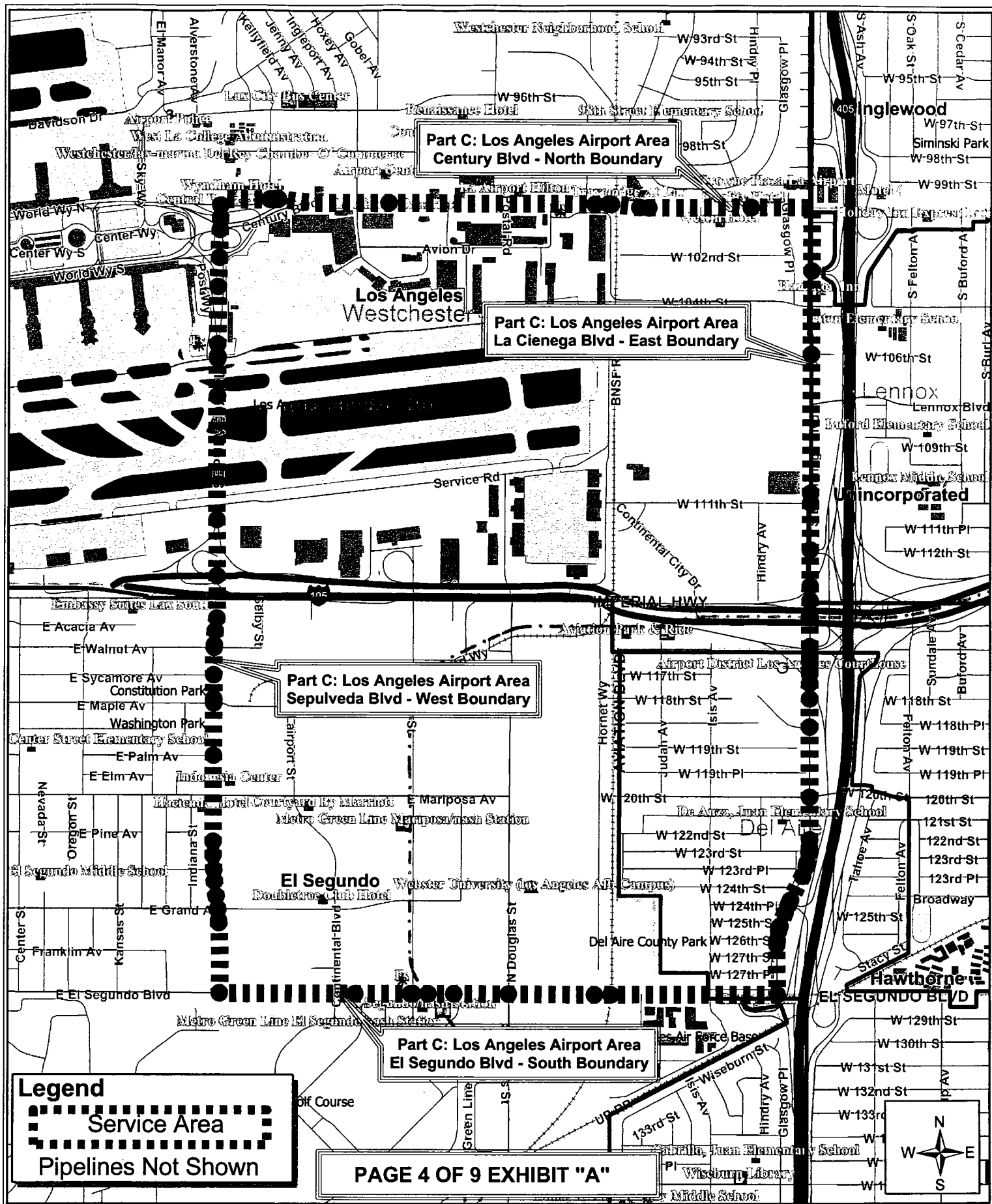
Agent
R. Ball



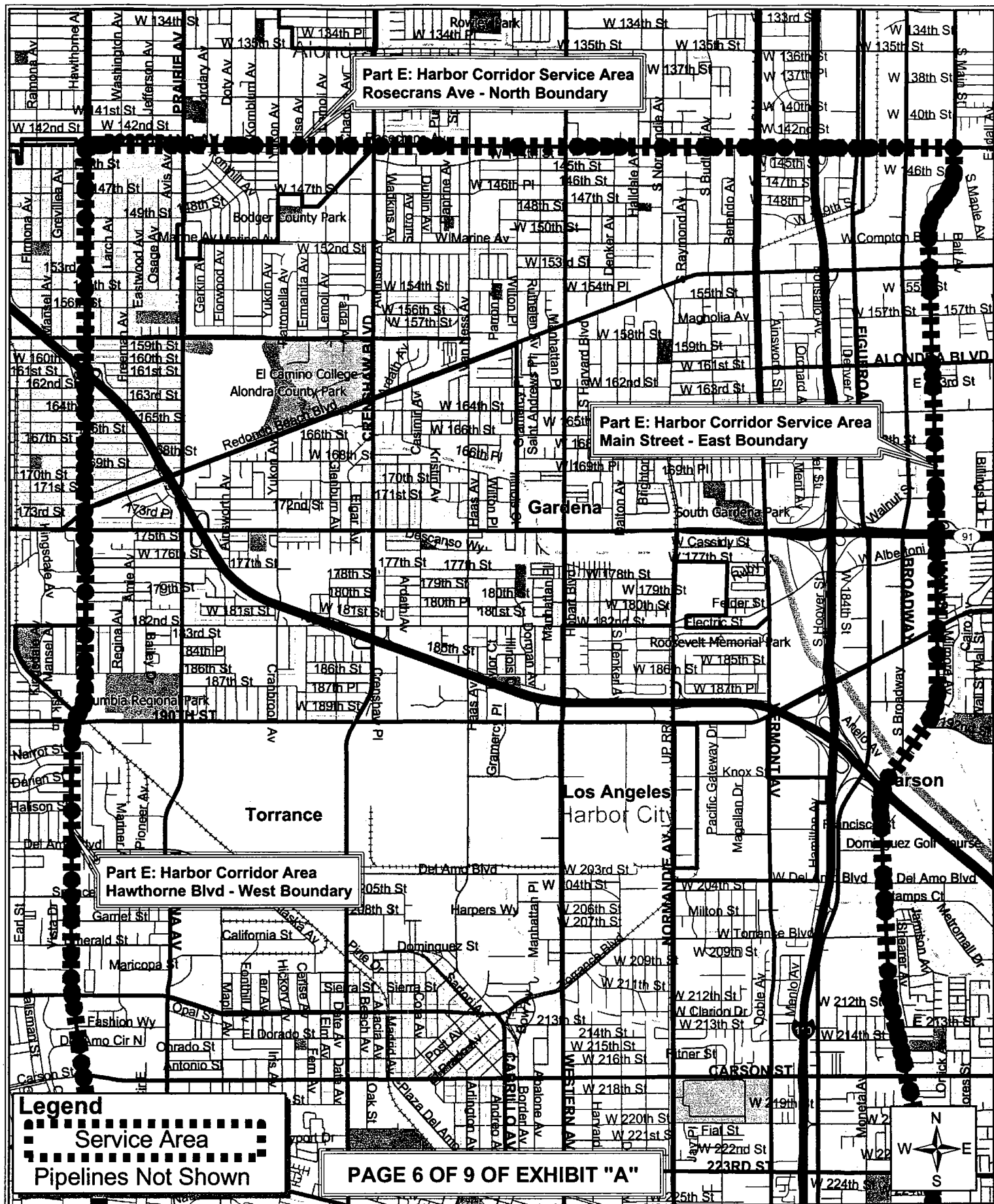
Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part A: South Central Los Angeles Carson Corridor	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 1,2		Agent R. Ball



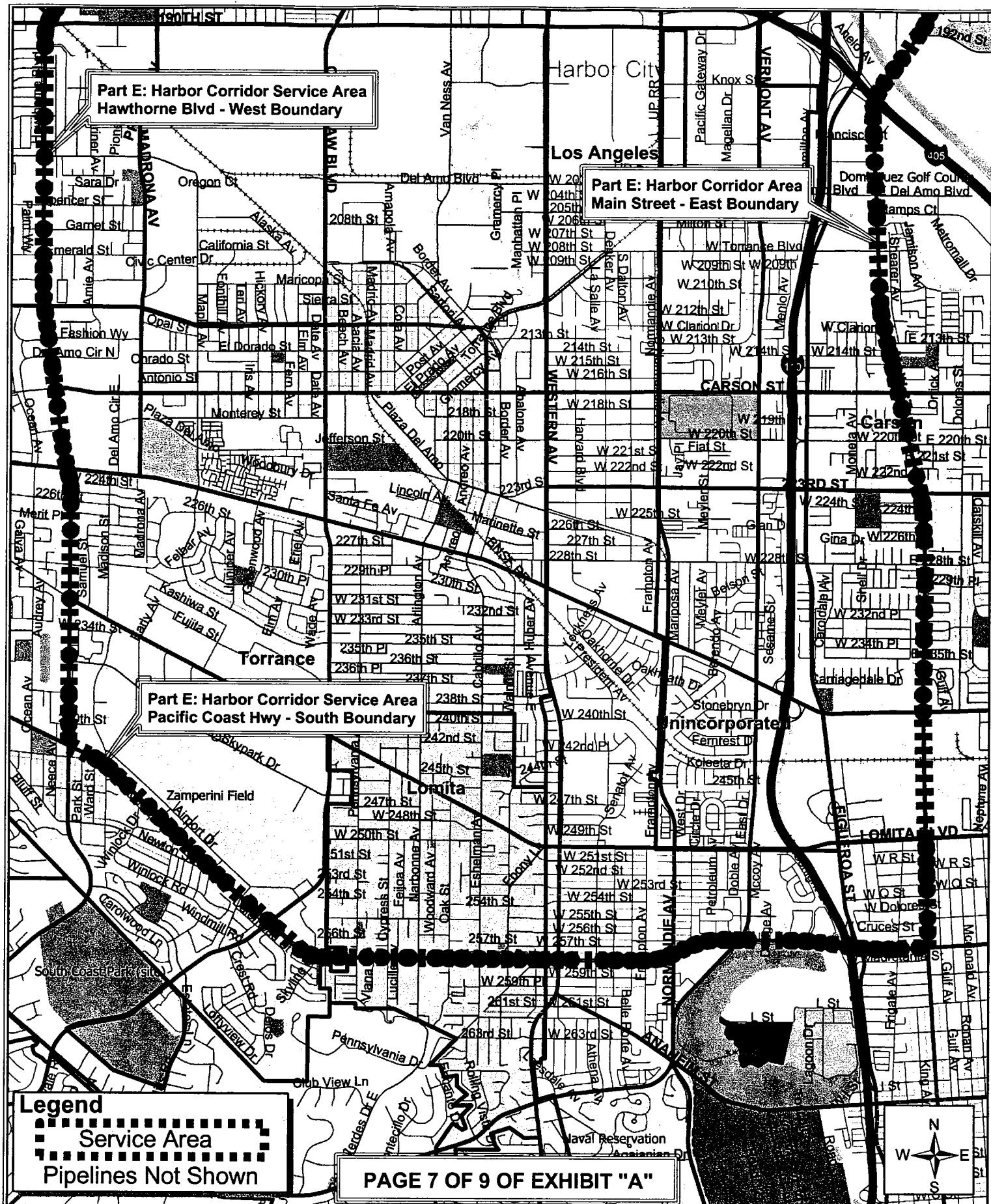
Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part B: Calabasas Service Area	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 3		Agent R. Ball



Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part C: Los Angeles Airport Area	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 2, 4		Agent R. Ball



<p>Date June 15, 2004</p> <p>Sup Dist. Dist 2, 4</p>	<p>COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE</p> <p>Shell California Pipeline Company LLC</p> <p>Common Carrier Petroleum Pipeline Franchise</p> <p>Part E: Harbor Corridor Area (North)</p>	<p>Equilon / Shell CA 91-0155F / 97-0057F</p> <p>Agent R. Ball</p>
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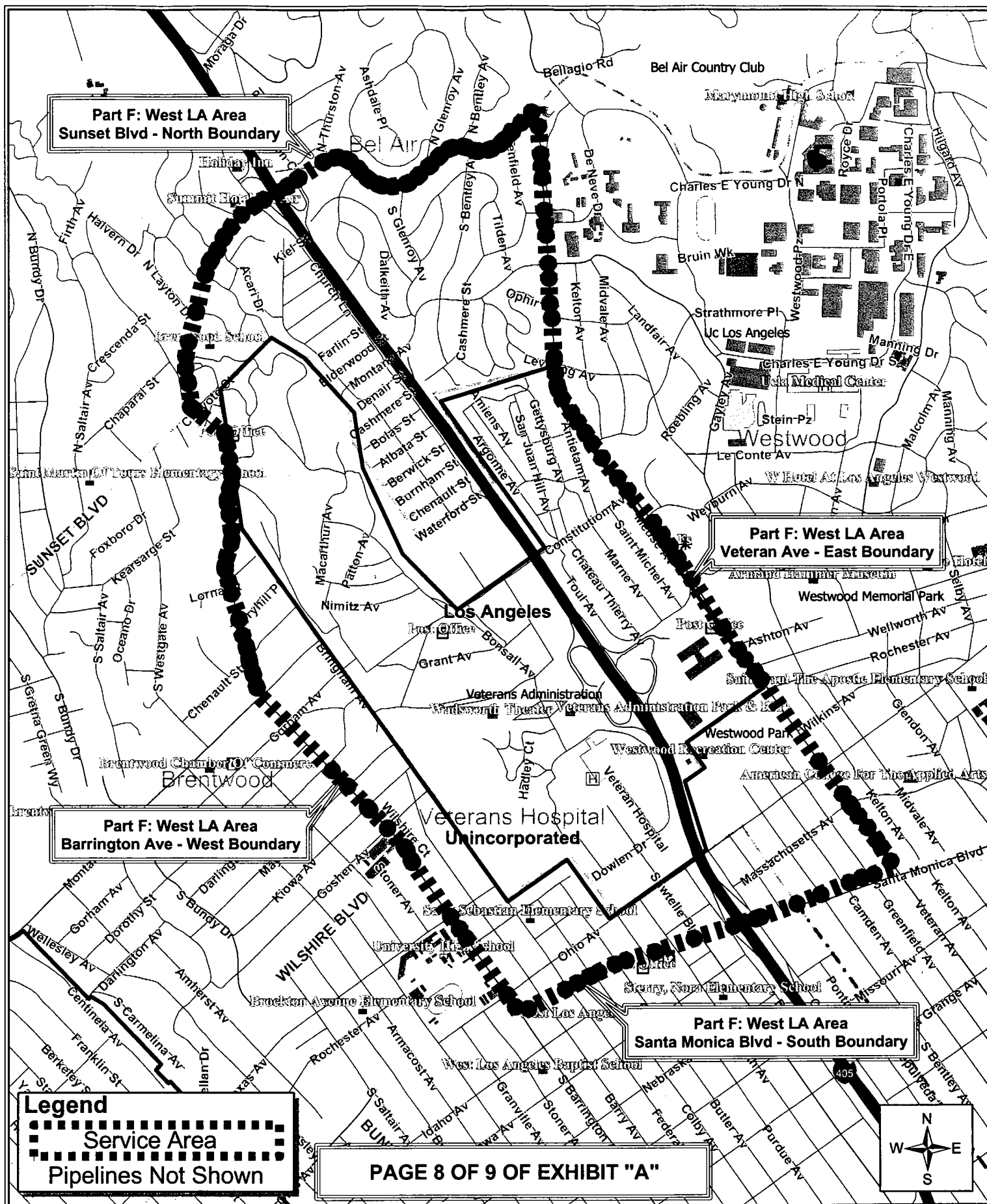
Date
June 15, 2004

COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE
Shell California Pipeline Company LLC
Common Carrier Petroleum Pipeline Franchise
Part E: Harbor Corridor Area (South)

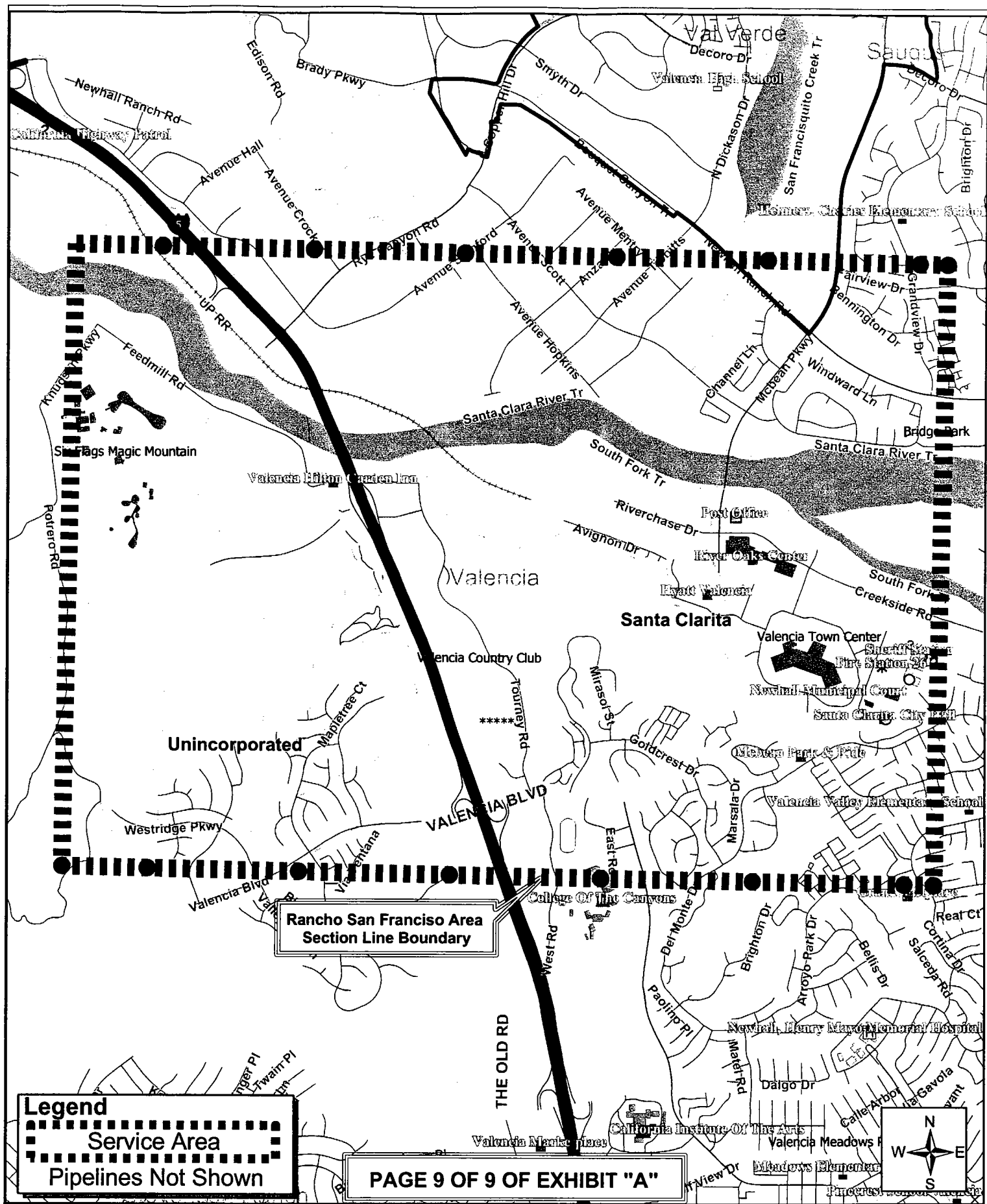
Sup Dist.
Dist 2, 4

Equilon / Shell CA
91-0155F / 97-0057F

Agent
R. Ball



Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part F: West Los Angeles Service Area	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 3		Agent R. Ball



Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part G: Rancho San Francisco Area	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 5		Agent R. Ball